

NORTH DAKOTA LEGISLATIVE COUNCIL

Tentative Agenda

FINANCE AND TAXATION COMMITTEE

Tuesday, November 15, 2005
Roughrider Room, State Capitol
Bismarck, North Dakota

- 9:00 a.m. Call to order
Roll call
Consideration of minutes of previous meeting
- 9:05 a.m. Presentation by the Legislative Council staff of a concept paper for committee consideration regarding property tax reduction and enhanced state funding for elementary and secondary education
- 9:20 a.m. Committee discussion and directives regarding concept paper issues
- 9:50 a.m. Coffee break
- 10:10 a.m. Presentation by Tax Commissioner Cory Fong regarding committee study activities and Tax Department staff presentations as follows:
- Ms. Kathy Strombeck, Research Analyst, comparing reliance on property, sales, and income taxes in North Dakota and other states and the share of statewide property tax burdens on each property classification in recent years
 - Ms. Marcy Dickerson, State Supervisor of Assessments, regarding tax savings to property owners if a 10 percent statewide property tax reduction occurs and how much of that benefit would go to nonresident property owners and information on how local assessors can adjust valuation of agricultural property for weather impact
 - Mr. Gary Anderson, Director of Income, Sales, and Special Taxes, regarding estimated revenue effects for each sales and use tax exemption and discussion of the impact of sales and use tax rate and exemption differences on cross-border shopping by consumers and businesses
 - Ms. Strombeck regarding the number of income tax returns filed in North Dakota, the number of those returns for which there is no tax liability, and comparison with the number of property owners paying property taxes in North Dakota
- 11:10 a.m. Presentation by Mr. Dwight Aakre, North Dakota State University Department of Agribusiness and Applied Economics, regarding the property tax valuation formula for agricultural property
- 12:00 noon Luncheon recess
- 1:00 p.m. Presentation by representatives of the Department of Public Instruction covering the following:
- Comparison of state and local shares of elementary and secondary education funding in North Dakota and states in this region of the country
 - Brief review of the Augenblick & Myers study of North Dakota's elementary and secondary education system

- How school district budgets were established for selected representative school districts, including how the school districts' ending fund balances affect the next budget cycle and how reserve fund balances are determined
- Description of how the state aid allocation formula works for the selected representative school districts used for the budgeting example
- Description of determination of supplemental payments for school districts and average valuation of property per student by districts
- Report on the trend of statewide costs per student in recent years, including factors that contribute to increasing costs per student, whether costs per student are growing at a faster rate in school districts with a lower average daily attendance or districts with below average taxable valuation, and the rate of increase in recent years for each of the expenditure categories for school districts
- Information on how school district expenses are affected by school consolidation, including examples of actual savings in administration costs, teacher costs, and other expenditures
- Review of school district expenditures by program which are funded by only local funding sources, only state funding sources, and only federal funding sources, and programs that are funded by combined local, state, and federal funding sources

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| 2:00 p.m. | Coffee break |
| 2:15 p.m. | Continued presentation by representatives of the Department of Public Instruction |
| 3:30 p.m. | Presentation by the Legislative Council staff of a memorandum on property taxpayer bill of rights provisions of other states compared to North Dakota law |
| 3:45 p.m. | Committee discussion of issues referred by the State Board of Equalization relating to whether to impose limitations on growing assessments and property tax increases |
| 4:00 p.m. | Committee discussion and directives |
| 4:30 p.m. | Adjourn |

Committee Members

Senators Herb Urlacher (Chairman), John M. Andrist, Dwight Cook, Michael A. Every, Harvey Tallackson, Ben Tollefson, Rich Wardner
 Representatives Larry Bellew, Wesley R. Belter, Kari Conrad, David Drovdal, Pam Gulleeson, C. B. Haas, Lyle Hanson, Craig Headland, Gil Herbel, Ronald A. Iverson, Phillip Mueller, Kenton Onstad, Mark S. Owens, Arlo E. Schmidt, Dave Weiler, Clark Williams, Dwight Wrangham